



Joint Committee on Taxation
February 5, 2003
JCX-5-03

**DESCRIPTION OF CHAIRMAN'S MODIFICATIONS
TO THE "ARMED FORCES TAX FAIRNESS ACT OF 2003"¹
SCHEDULED FOR A MARKUP BY THE
SENATE COMMITTEE ON FINANCE ON FEBRUARY 5, 2003²**

1. Suspension of tax-exempt status of terrorist organizations

The Chairman's modification clarifies that the proposal to suspend the tax-exempt status of certain terrorist organizations applies to organizations that are designated or identified as a terrorist organization prior to, on, or after the date of enactment. In addition, if an organization is designated or identified as a terrorist organization prior to the date of enactment, the suspension of the organization's tax-exemption begins from the date of enactment and is not retroactive to the date the organization is designated or identified as a terrorist organization.

2. Extension of certain tax relief provisions to astronauts

Present Law

The Victims of Terrorism Tax Relief Act of 2001 provided certain income and estate tax relief to individuals who die from wounds or injury incurred as a result of the terrorist attacks against the United States on September 11, 2001, and April 19, 1995 (the bombing of the Alfred P. Murrah Federal Building in Oklahoma City) or as a result of illness incurred due to an attack involving anthrax that occurred on or after September 11, 2001 and before January 1, 2002.

Description of Proposal

The Chairman's modification generally would extend benefits available under the Victims of Terrorism Tax Relief Act of 2001 (including an exclusion from income tax, an

¹ A description of the provisions of the "Armed Forces Tax Fairness Act of 2003" is contained in Joint Committee on Taxation, *Description of the Chairman's Mark of the "Armed Forces Tax Fairness Act of 2003"* (JCX-2-03), February 3, 2003.

² This document may be cited as follows: Joint Committee on Taxation, *Description of Chairman's Modifications to the "Armed Forces Tax Fairness Act of 2003" Scheduled for a Markup by the Senate Committee on Finance on February 5, 2003* (JCX-5-03), February 5, 2003.

exclusion for death benefits, and estate tax relief) to astronauts who lose their lives in the line of duty (including the individuals who lost their lives in the space shuttle Columbia disaster).

Effective Date

The provision is generally effective for qualified individuals whose lives are lost in the line of duty after December 31, 2002.